

MEMORANDUM

**DEPARTMENT OF ENVIRONMENTAL QUALITY
CLEAN WATER FINANCING AND ASSISTANCE PROGRAM**

1111 EAST MAIN STREET

RICHMOND, VA 23219

**SUBJECT: American Rescue Plan Act (ARPA) Sewer Collection System (SCS) Program
Application Evaluation Process and Funding Rationale**

TO: ARPA SCS Program Applicants

FROM: DEQ – Clean Water Financing and Assistance Program (CWFAP)

DATE: March 6, 2023

Purpose

In accordance with the American Rescue Plan Act (ARPA), the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Final Rule, Virginia's General Assembly appropriations of certain ARPA funds received by the Commonwealth, and DEQ's ARPA Wastewater Funds Implementation Plan, DEQ's Clean Water Financing and Assistance Program (CWFAP) has determined the tentative project authorization list and award amounts for the Sewer Collection System (SCS) Program. The purpose of this memo is to provide applicants with information on the evaluation process and rationale for funding offers.

Background

A total of \$75,000,000 in ARPA funds have been appropriated to the Department of Environmental Quality for septic, straight pipe, and sewer collection system repair, replacement, and upgrades. Of that total, \$65,000,000 has been allocated to projects that provide sewer collection system repair, replacement, and upgrades as the wastewater treatment solution.

On October 15, 2022, Clean Water Financing and Assistance Program (CWFAP) staff solicited applications from eligible applicants and established December 15, 2022 as the deadline for receiving applications. DEQ received 183 applications, totaling \$625,994,117 in requested funds.

Application Evaluation

CWFAP staff evaluated the applications in accordance with evaluation criteria outlined in [Attachment 1 of the ARPA Wastewater Funds Implementation Plan](#) (Attachment 1), which consists of two main steps, eligibility evaluation then scoring evaluation. CWFAP staff determined that five (5) projects totaling \$2,777,555 were ineligible for SCS funding and removed them from further review.

Staff then scored each remaining project using criteria outlined in Attachment 1, which included the following factors and associated maximum possible points per factor:

- Project type (125 points)
- Environmental concern (50 points)
- Fiscal stress (100 points)
- Readiness to proceed (100 points)
- Affordability (25 points)
- Median household income (50 points)
- Commonwealth Wastewater Policy advancement (50 points)

Projects were then sorted based on scores from highest to lowest, the highest possible score being 500 points. Ninety-two applications receiving scores below the median score of 265 were eliminated from the funding list.

CWFAP staff took the following additional steps to further refine the project list recommended for funding:

- **Retaining the highest scoring project from each applicant** and removing the others from consideration in order to eliminate the possibility of one applicant receiving multiple project authorizations.
- **Adjusting the grant percentage of the applicant's requested amount based on financial need.** For each applicant, points for the three criteria addressing financial need – MHI, affordability, and fiscal stress – were summed, creating a financial need score. The highest financial need scoring applicants are provided a grant amount of 100% of requested amount; moderate scoring applicants are provided a grant amount of 75% of requested amount; and low scoring applicants are provided a grant amount of 50% of requested amount.
- **Establishing a regional cap** of no more than 33% of the \$65 million in total funding and a requirement that a project must score in the top 20% of projects in its region, using DEQ regional office boundaries. These provisions ensure statewide access to ARPA SCS funds.

The above steps result in a funding list that eliminates multiple authorizations for a single applicant and considers alternative funding percentages based on financial need and geographic distribution of projects to ensure statewide access to ARPA SCS funding. The tentative authorization list includes 23 projects for which DEQ will extend funding offers through letter correspondence via email, and 14 projects that are included as contingency projects which will receive email notification. Applicants for projects that DEQ declined to fund will be notified through letter correspondence via email.

DEQ will provide offer recipients 30 days to accept the authorization and submit a project schedule and budget outlining all funding sources for the project. If any project authorization is not accepted, DEQ will provide funding offers to the next highest scoring contingency projects until a total of \$65,000,000 in funding offers is accepted.

Grant agreement execution and fund distribution will be subject to compliance with federal and state laws governing ARPA funds and with ARPA SCS Program requirements.

Questions regarding the application evaluation process and funding rationale may be submitted via email to CWFAP@deq.virginia.gov.

| ARPA SCS Tentative Project List and Award Amounts | | |
|--|--|----------------------------|
| <i>Applicant</i> | <i>Project</i> | <i>Award Amount</i> |
| Scott County PSA | Hiltons Community Sewer Project Phase 1-3 & Yuma Sewer Extension Project Phase 2-4 | \$11,665,280 |
| Town of Exmore | Town of Exmore Collection System Upgrade Plumbing & Electrical Connections | \$3,358,575 |
| Wise County PSA | Glamorgan Community Sewer Collection Project | \$317,903 |
| Washington County Service Authority | Lee Highway Corridor Sewer Improvements Project | \$8,535,822 |
| Wythe County Board of Supervisors | Fort Chiswell South Sanitary Sewer Extension - Phase I- Gravity Collection System | \$652,500 |
| Town of Wachapreague | Wachapreague Sewer Project | \$589,806 |
| City of Emporia | Wiggins Road Railroad Sewer | \$605,173 |
| City of Portsmouth | Prentis Place Neighborhood Revitalization North (Phase I) | \$2,230,000 |
| Hampton Roads Sanitation District | Eastern Shore Infrastructure Improvements - Transmission Force Main Phase II | \$4,183,500 |
| City of Norfolk | Heutte Drive Sewer Collection System | \$3,000,000 |
| City of Martinsville | Jones Creek Interceptor | \$2,203,181 |
| Town of Clarksville | Clarksville Sewer Improvement Project | \$492,375 |
| Middlesex County | Saluda - Low Pressure Sewer (LPS) Collection System | \$800,000 |
| City of Lynchburg | Richland Hills Sewer Extension | \$6,600,000 |
| Campbell County Utilities and Service Authority | Martin Drive Regional Wastewater Pump Station | \$1,255,000 |

ARPA SCS Tentative Project List and Award Amounts

| <i>Applicant</i> | <i>Project</i> | <i>Award Amount</i> |
|-------------------------------------|--|----------------------------|
| Westmoreland County | Mount Holly Road Sewer Extension | \$278,100 |
| Town of South Hill | Sycamore and Howerton Sanitary Sewer Extension | \$492,580 |
| City of Covington | Monroe Avenue Sewer Improvements | \$5,907,500 |
| Nelson County | Phase 1 Wintergreen Collection System Frame and Cover Rehabilitation | \$774,000 |
| Bedford Regional Water Authority | BRWA Town & Country Sanitary Sewer Improvements | \$1,228,388 |
| City of Waynesboro | MS-7 I&I Remediation Project | \$2,365,000 |
| Charles City County | Jerusalem WWTP to Hideaway Low Pressure Sewer Collection System | \$5,561,550 |
| Town of Christiansburg | Christiansburg Arrowhead Sanitary Sewer Rehabilitation | \$1,903,767 |
| Tentative Project List Total | | \$65,000,000 |

ARPA SCS Contingency Project List and Award Amounts

| <i>Applicant</i> | <i>Project</i> | <i>Award Amount</i> |
|---|---|----------------------------|
| City of Newport News | James River Drive Force Main and Septic Conversion | \$769,112 |
| Isle of Wight County | Windsor Woods | \$1,700,000 |
| City of Chesapeake | Philmont Avenue Septic Replacement and Sewer Extension | \$970,380 |
| Town of Chincoteague | Chincoteague Commercial Collection System | \$1,150,000 |
| York County | Whites/Faulkner Sewer Extension | \$572,090 |
| City of Winchester | Replacement of Capitol and Superior Sewage Pump Stations | \$4,125,000 |
| Albemarle County | Albemarle County SCS | \$5,909,434 |
| King William County | King William County - Commerce Park-Force Main & SCS | \$2,123,450 |
| City of Lexington | Diamond Hill Area Sewer System Improvements | \$2,786,966 |
| Town of Front Royal | Front Royal Manhole Rehabilitation & Sanitary Sewer Replacement | \$2,500,000 |
| Sussex Service Authority | Bank Street Pump Station Upgrade Project | \$414,000 |
| Town of Kilmarnock | Irvington Road Corridor Sewer Improvements (Fox Hill SPS & School St SPS Rehab) | \$1,703,000 |
| City of Harrisonburg Department of Public Utilities | Blacks Run Interceptor Upgrades - MLK JR. WAY to DNR | \$885,739 |
| Town of Dublin | Dublin WWPS Elimination | \$300,000 |
| Contingency Project List Total | | \$25,909,171 |